

Message Text

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17

ACTION TRSE-00

INFO OCT-01 EA-09 ISO-00 NEA-10 IO-13 AID-05 CIAE-00

COME-00 EB-07 FRB-01 INR-07 NSAE-00 USIA-15 XMB-04

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FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 4071

INFO AMEMBASSY BANGKOK

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY SINGAPORE

UNCLAS JAKARTA 5457

E.O. 11652: N/A

TAGS: EAID, EFIN, ADB, ID

SUBJECT: SUHARTO SPEECH TO ADB MEETING; ADB LENDING TO INDONESIA

1. SUMMARY: PRESIDENT SUHARTO'S OPENING ADDRESS AT NINTH ANNUAL MEETING OF ASIAN DEVELOPMENT BANK BOARD OF GOVERNORS APRIL 22 EMPHASIZED DUTY OF DEVELOPED NATIONS TO REDRESS INEQUALITY OF ASIANS AND MAJORITY OF MANKIND BY INCREASING ASSISTANCE THROUGH ADB AND OTHER CHANNELS. HE BLAMED POVERTY OF LDC'S ON COLONIAL EXPLOITATION AND SAID SOLUTION IS NEEDED FOR MUTUAL SURVIVAL OF BOTH RICH AND POOR NATIONS. ACCORDING OBSERVERS, GOI DELEGATION, REFLECTING SUHARTO'S REMARKS, TOOK POSITIONS CLOSER TO MILITANT LDC MEMBERS THAN IT DID LAST YEAR. END SUMMARY.

2. IN UNUSUALLY STRONG SPEECH, SUHARTO SAID INDUSTRIAL NATIONS HAD EXPLOITED ASIA'S ECONOMIC POTENTIAL BEFORE WW II: "HISTORY WILL NOT OBLITERATE THE FACT THAT THE PROGRESS OF THE INDUSTRIALIZED COUNTRIES NOWADAYS IS DUE TO THE WEALTH AND TOIL OF ASIA." HE SAID ECONOMIC INEQUALITY AND POVERTY OF MAJORITY OF MANKIND ARE NOW "FUNDAMENTAL" CAUSES OF WORLD TENSIONS. THUS,
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IN ADDITION TO "MORAL OBLIGATION" TO HELP REDRESS GAP,
WEALTHY NATIONS MUST RECOGNIZE THAT THEIR SURVIVAL, AS WELL AS

POOR NATIONS' DEPENDS ON ACHIEVEMENT OF EQUALITY BY LDC'S.
CRITICIZING SHORTAGE OF CAPITAL FOR NEEDS OF ASIAN NATIONS,
SUHARTO CALLED AN INDUSTRIAL NATION MEMBERS OF ADB TO
INCREASE THEIR CONTRIBUTIONS TO BANK.

3. GOI MINISTER OF FINANCE AND DELEGATE TO ADB ALI WARDHANA RE-
PEATED SUHARTO'S PLEA FOR INCREASED DC CONTRIBUTIONS TO BANK IN
SPEECH APRIL 23, SAYING THUS FAR, COMMITMENT IS INADEQUATE.
WARDHANA STRONGLY ENDORSED PROPOSAL FOR \$830 MILLION IN ADDI-
TIONAL CONTRIBUTIONS TO ADB'S "SPECIAL FUND" (ADF) OVER NEXT
THREE YEARS FOR LENDING TO POOREST ASIAN NATIONS, WHICH HE CALLED
"CRUCIAL." HE ALSO URGED INCREASED CAPITAL SUBSCRIPTIONS BY ALL
MEMBERS. WARDHANA PRAISED ADB FOR 21 PERCENT INCREASE IN LENDING
IN 1975 TO \$660 MILLION, NOTWITHSTANDING MAJOR INTERNATIONAL
ECONOMIC PROBLEMS, (ALTHOUGH REAL INCREASE, BECAUSE OF INFLATION
WAS ONLY 7 PERCENT), FOR BORROWING ADDITIONAL \$323 MILLION, FOR
CO-FINANCING \$448 MILLION IN PROJECTS WITH MID-EAST INSTITUTIONS.

4. COMMENT: OBSERVERS AT CONFERENCE SAID POSITION OF
GOI DELEGATION AT CONFERENCE, REFLECTING SUHARTO'S OPENING
SPEECH, WAS CLOSER TO MILITANT LDC MEMBERS THAN LAST YEAR, ALTHOUGH
OVERALL TONE OF CONFERENCE WAS MORE MODERATE.

5. IN COMMENTS ON ADB LENDING TO INDONESIA, ADB PRESIDENT SHIRO
INOUE TOLD PRESS APRIL 21 THAT INDONESIA HAS RECEIVED TOTAL OF
\$491 MILLION IN ADB LOANS SINCE 1968, OF WHICH \$267.2 MILLION WERE
CONCESSIONAL BEFORE INDONESIA'S ELIGIBILITY FOR ADB CONCESSIONAL
LOANS ENDED IN 1974. (TOTAL FIGURE INCLUDES \$39.7 MILLION ADB
LOAN FOR MANINJAU POWER PROJECT - DESCRIBED AS THE LARGEST ADB
LOAN TO DATE FOR A SINGLE PROJECT - AND \$20 MILLION LOAN
FOR EAST AND CENTRAL JAVA ROAD PROJECTS, BOTH OF WHICH WERE SIGNED
LAST WEEK.)
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